

# Commission of the European Communities



Directorate-General  
for Economic  
and Financial Affairs

# EUROPEAN ECONOMY

Supplement — Series A

No 10 — October 1980

## Recent economic trends

**Output and production decline continues.** — Provisional estimates based on data for the four major countries indicate that real gross domestic product in the Community fell by 5,2% in the second quarter of the year (seasonally-adjusted annual rate), compared with a rise of 4,8% in the first quarter. All components contributed to this development: domestic expenditure fell by 4,3% and investment by 3,5% and although import volume also fell, exports declined even more to produce a deterioration in the foreign balance. This sharp drop in real GDP growth is matched by developments in industrial production, which has also been on a downward trend throughout the second quarter (Graph 1). Since the figures for industrial production are subject to wide fluctuations from month to month and between countries, and in view of the particular seasonal factors which are exerting an influence this month notably in Germany where changes in the pattern of vacation are very large, the individual results for July must be interpreted with caution, and a clear view of the trend will not be available until next month, when July and August can be seen together. Judging from the changes over twelve months industrial production seems on the whole to have remained on a declining trend.

### Major supply and demand components, EC total

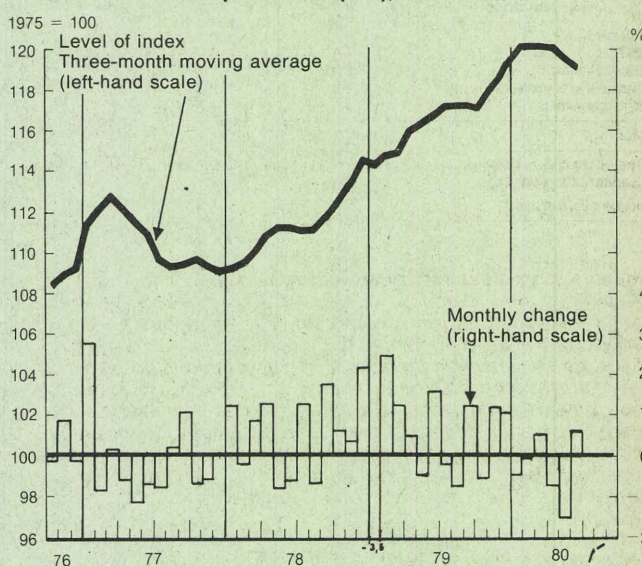
percentage change over previous quarter, seasonally-adjusted annual rates, volume terms.

		GDP	Imports <sup>1</sup>	Exports <sup>1</sup>	Domestic expend- iture	Gross fixed invest- ment
1977	Q1	2,2	-1,6	1,7	1,5	2,7
	Q2	-0,6	-1,8	8,9	-3,1	-4,1
	Q3	2,0	2,9	6,6	1,5	1,4
	Q4	3,8	1,0	0,6	3,2	1,6
1978	Q1	2,7	7,6	7,9	3,2	3,9
	Q2	6,4	7,7	4,8	6,7	8,8
	Q3	2,3	10,4	2,7	4,0	3,0
	Q4	5,4	14,4	8,9	6,3	5,6
1979	Q1	0,7	8,8	0,4	3,2	-8,6
	Q2	6,4	15,4	15,3	6,3	15,5
	Q3	2,6	13,0	5,1	4,4	14,3
	Q4	4,9	7,1	3,0	5,8	9,4
1980	Q1	4,8	12,1	14,5	4,2	2,6
	Q2	-5,2	-7,3	-10,5	-4,3	-3,5

<sup>1</sup> Goods and services, including intra-trade.

**Unemployment continues to increase.** — The rate of unemployment in the Community, seasonally-adjusted, rose again in August for the sixth successive month to reach 6,2%, from 6,1% in July (revised figures). With the exception of Italy, all Member States have shared this development, particularly large rises again occurring in the United Kingdom (37,5% up on a year ago), Denmark and Ireland (Table 2). For the first time in several months, the rate of increase of female unemployment declined slightly, but male unemployment is

GRAPH 1: Industrial production (s.a.), EC total



GRAPH 2: Unemployment (s.a.), EC total





still rising strongly, reflecting the steady upward tendency in the underlying trend of cyclical unemployment (Graph 2). This indication of overall slack in the labour markets is reinforced by the further sharp fall in the number of unfilled vacancies in all Member States.

**Slowdown in the rate of inflation confirmed.** — The rate of increase in consumer prices in the Community, after rising by 1% in July, fell in August to 0,6%, the lowest monthly increase since December 1978. The largest falls occurred in Denmark and Belgium, but consumer price rises are now slowing down in all Member States (Table 3). The longer-term trend, as measured by the seasonally-adjusted change over six months (Graph 3), is also down again in August (following a sharp drop in July), and the rate of increase over twelve months fell slightly to 13,5%. Partial data on wholesale prices also point to a generally declining trend, but no new data on hourly wages in manufacturing have become available this month to allow any assessment of the trend in labour cost factors.

**Increase in the Community's trade deficit with the United States and Japan.** — The Community's monthly trade deficit (fob-cif) stayed at around 4 000 million ECU in July and will probably not be very far from this figure in August: the rate of deficit thus seems to have levelled off (Table 6). The United Kingdom is the only one of the Member States to have seen a distinct improvement in its trade balance in recent months (Graph 6). Unlike the Community, the United States is already well into a process of adjusting its external imbalance downward. The table of the Community's trade balances by area shows, in addition to the increase in the deficit with the OPEC countries, the deteriorating trend of European trade with North America and in particular with the United States in the last two years. The deficit in the Community's trade balance with Japan also widened in the closing months of last year and the first months of 1980 and preliminary data suggest that it has probably grown in the last few months.

#### EC trade balances (fob-cif) by area

	1978	1979	1979 <sup>2</sup>				1980
			I	II	III	IV	I <sup>2</sup>
United States	-5,1	-9,3	-2,0	-1,6	-2,6	-2,8	-4,1
Canada	-0,8	-1,7	-0,3	-0,3	-0,4	-0,6	-0,6
Japan	-5,0	-5,2	-1,2	-1,2	-1,2	-1,5	-1,6
Other OECD countries	8,7	9,2	2,3	2,3	2,4	2,3	:
Total OECD <sup>1</sup>	-0,2	-3,8	-0,2	0,1	-0,6	-1,6	:
OPEC countries	-7,1	-20,3	-3,4	-4,4	-5,3	-7,0	:
Other developing countries	2,5	1,7	1,0	0,7	0,5	0,1	:
Centrally planned economies	1,4	-0,5	0,4	0,3	-0,2	-0,8	:
Other countries	1,5	1,6	0,4	0,4	0,4	0,5	:
Total	-2,5	-20,8	-2,2	-2,9	-5,3	-8,8	-11,6

<sup>1</sup> Including the difference between intra-Community imports and exports.

<sup>2</sup> Seasonally-adjusted.

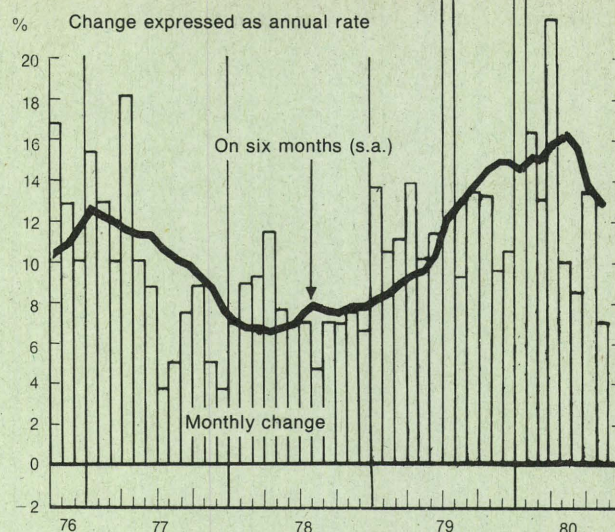
Source: Eurostat.

**Money supply slows: interest rates move up.** — The slowdown in the growth of money supply continued in July in the Community Member States for which data are available. The exception was the United Kingdom, where adjustments to bank balances following the ending of the 'corset' boosted the annual growth rate of sterling M3. Despite the initiatives of the German, Danish and Dutch authorities who have reduced somewhat the official rates, the rise in market interest rates which had begun in August continued in September under the impact of the American rates. The Community average of short-term interest rates thus rose from 12,4% in August to 12,7% (provisional figure) in September. The remuneration of long-term capital also moved upward.

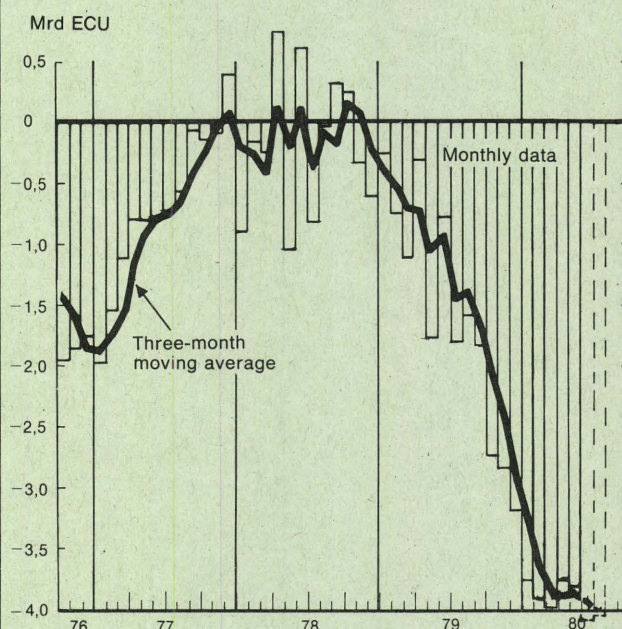
**Yen makes strong recovery.** — Taking a monthly average, the dollar remained almost stable in September, but the yen staged a strong recovery, in one month gaining 4% against the ECU. Sterling again strengthened against the Community unit while the French franc, the Irish pound, the Belgian franc and the Italian lira lost a little ground. The guilder was the best placed of the currencies within the exchange rate mechanism while the Belgian franc and the German mark in turn took the last-but-one position ahead of the Italian lira, which throughout the month was the weakest currency in the European Monetary System.

6 October 1980.

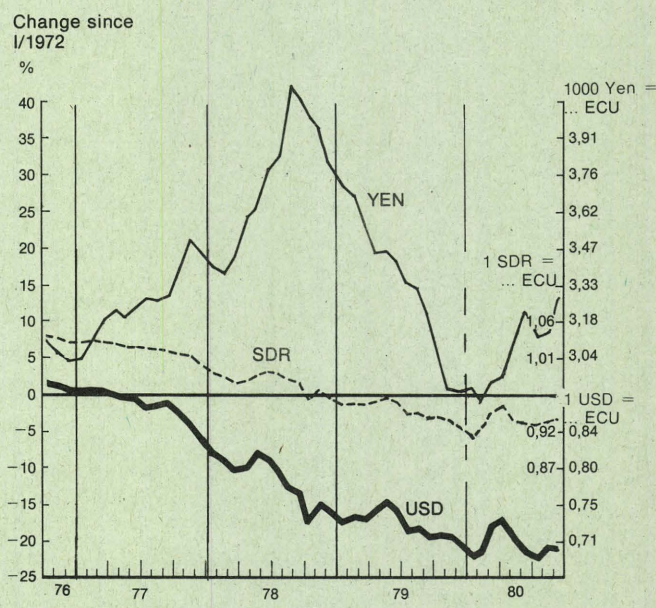
GRAPH 3: Consumer prices, EC total



GRAPH 4: Trade balance (s.a.), EC total



GRAPH 5: Value of USD, yen and SDR in ECUs

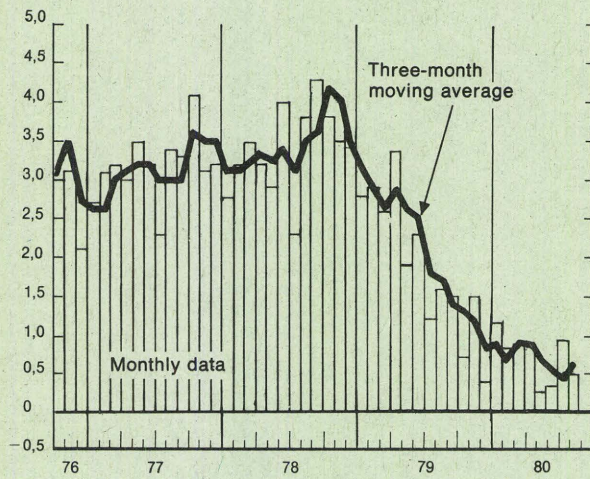




GRAPH 6: Trade balance (s.a.)

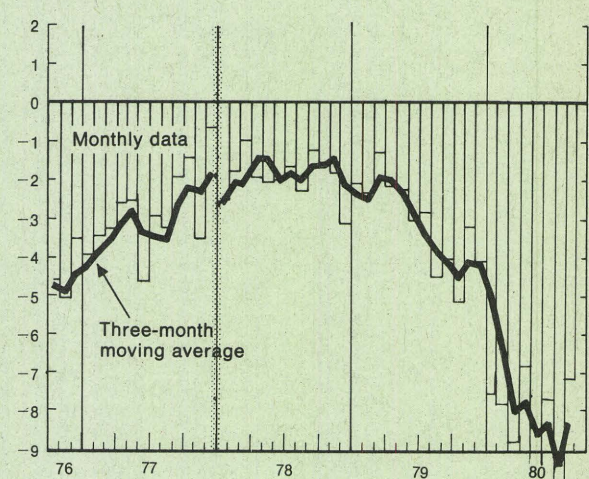
**Federal Republic of Germany**

DM '000 million



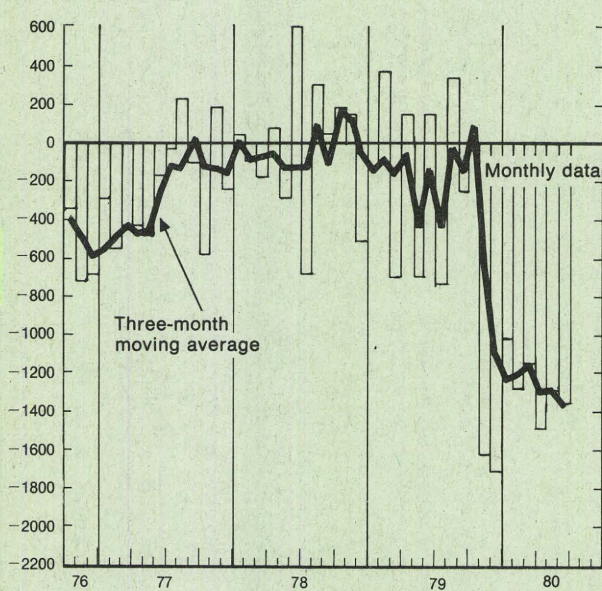
**France**

FF '000 million



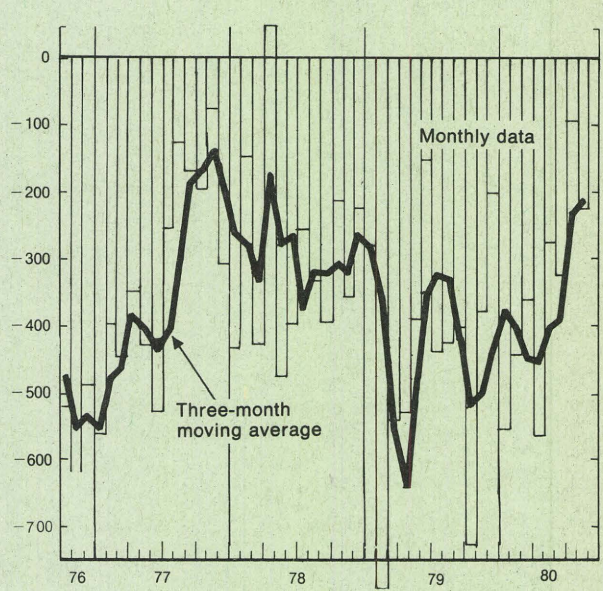
**Italy**

LIT '000 million



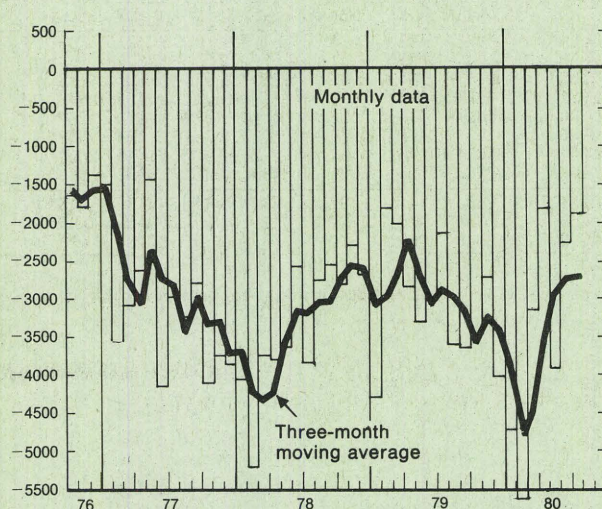
**United Kingdom**

Mill. UKL



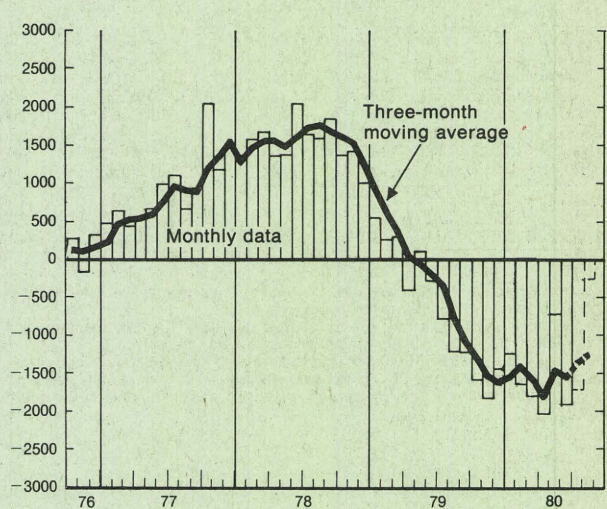
**United States**

Mill. USD



**Japan**

Mill. USD



Sources: National data



TABLE 6: Trade balance - fob/cif, million ECUs (s.a.)

	1979																		1980		1980								Change over 12 months
	1975	1976	1977	1978	1979	1979			1980		Feb.	March	April	May	June	July	August												
						II	III	IV	I	II																			
DK	-1 359	-2 954	-2 801	-2 198	-2 806	-778	-780	-800	-868	-619	-306	-270	-287	18	-349	-233	-57	213											
D	12 224	12 243	14 514	15 934	8 933	2 996	1 771	984	1 131	553	308	384	335	95	123	384	184	532											
F	-1 700	-7 732	-6 117	-4 097	-6 490	-1 421	-1 819	-2 082	-4 051	-4 435	-1 307	-1 518	-1 218	-1 805	-1 412	-1 781	-1 253	513											
IRL	-461	-772	-876	-1 132	-1 955	-554	-533	-503	-567	-378	-214	-133	-138	-168	-72	-154	-106	90											
I	-2 882	-5 981	-2 444	-336	-4 151	-463	-778	-2 012	-3 210	-3 436	-1 228	-909	-1 265	-996	-1 169	-1 592	:	-1 031											
NL	203	317	-1 687	-2 240	-2 619	-514	-798	-1 138	-576	-857	-152	-304	-179	-177	-501	-316	:	-157											
B/L	-1 626	-2 375	-2 526	-2 890	-3 022	-443	-391	-885	-1 468	:	-376	-567	-164	-252	:	:	:	-78											
UK	-7 617	-8 664	-5 246	-5 548	-8 695	-1 658	-1 922	-1 966	-2 096	-1 906	-709	-589	-910	-454	-542	-140	-348	307											
EC <sup>8</sup>	-3 216	-15 919	-7 184	-2 508	-20 804	-2 875	-5 252	-8 765	-11 631	(-12 500)	-3 895	-3 975	-3 764	-3 797	(-4 150)	(-4 050)	:	(-3 400)											
USA	-3 017	-13 189	-31 907	-31 014	-27 206	-6 977	-6 844	-7 292	-9 518	-5 813	-3 896	-2 326	-1 387	-2 824	-1 602	(-1 285)	:	(-274)											
JAP	-1 700	2 171	8 488	14 285	-5 574	-477	-2 356	-3 505	-3 257	-3 289	-1 111	-1 298	-1 491	-491	-1 307	(-1 185)	(-171)	(718)											

TABLE 7: Money supply<sup>9</sup> - Percentage change on corresponding period of preceding year

	1975	1976	1977	1978	1979	1979			1980		1980								Change over 12 months 2
						II	III	IV	I	II	Jan.	Feb.	March	April	May	June	July	August	
DK (M2)	25,5	11,4	9,8	6,7	9,9	9,3	9,5	9,9	8,5	6,8	9,6	8,3	8,5	6,7	6,0	6,8	5,6		
D (M3)	8,5	8,4	11,1	11,0	6,0	10,8	7,8	6,0	5,9	4,3	5,7	5,6	5,9	4,8	4,7	4,3	4,0		
F (M2)	15,7	12,8	13,9	12,2	14,4	13,6	13,0	14,4	13,0		13,2	13,0	13,0	12,5	12,1	11,4	11,3		
IRL (M3)	19,1	14,3	16,3	28,7	19,0	36,0	26,2	19,0	14,6	9,2	16,6	16,3	14,6	13,4	9,4	9,2	8,6	12,9	
I (M2)	23,5	20,8	21,8	22,8	20,4	20,2	20,0	20,4	17,6		19,1	17,9	17,6	17,2	15,6				
NL (M2)	5,7	22,7	3,6	4,2	7,0	5,0	3,8	7,0	5,7		6,6	6,7	5,7	6,0	8,0				
B	17,2	13,4	9,9	9,7	6,1	8,9	6,6	6,1	4,5	3,1			4,5			3,1			
UK (M3)	7,8	11,3	9,3	13,3	11,7	11,1	11,8	11,7	12,0	11,6	11,4	11,2	12,0	10,4	11,3	11,6	16,4	18,2	
EC <sup>10</sup>	12,9	12,9	12,3	12,7	11,0	12,3	11,1	11,0	10,1		10,3	10,0	10,1	9,3	9,1				
USA (M2)	12,8	14,1	10,8	8,3	8,8	9,2	9,4	8,8	8,9	8,1	9,1	9,5	8,9	7,5	7,8	8,1	8,7		
JAP (M2)	14,5	13,5	11,1	13,1	9,1	11,8	12,1	9,1	9,7	8,5	10,1	10,2	9,7	9,0	9,1	8,5	(8,8)		

TABLE 8: Short-term interest rates<sup>11</sup>

	1975	1976	1977	1978	1979	1979			1980			1980								Change over 12 months 2
						III	IV		I	II	III	March	April	May	June	July	Aug.	Sept.		
DK	14,5	10,3	14,5	15,4	12,5	17,4	16,5		19,1	18,9		19,1	18,9	19,2	18,9	17,8	18,1		7,4	
D	5,0	4,2	4,4	3,7	6,7	8,0	9,6		9,8	9,9	9,9	9,8	10,1	10,2	9,9	9,3	8,9	9,9	1,9	
F	8,0	8,8	9,3	8,1	9,5	11,6	12,6		13,8	12,5	12,6	13,8	13,0	12,8	12,5	11,6	12,2	12,6	1,0	
IRL	11,0	11,8	8,4	9,9	15,9	17,4	18,5		19,0	17,6	13,6	19,0	18,6	18,0	17,6	16,6	14,8	13,6	-3,8	
I	10,4	17,6	14,5	11,3	11,5	10,9	16,5		15,8	15,6		15,8	15,6	16,0	15,6	16,0			5,5	
NL	5,3	7,1	4,8	6,6	9,5	9,8	13,0		11,2	10,5	10,3	11,2	10,5	11,2	10,5	9,5	10,7	10,3	0,5	
B	7,4	10,0	7,6	7,3	10,1	12,5	14,5		17,5	14,0	12,5	17,5	17,0	15,8	14,0	13,0	12,6	12,5	0	
UK	10,6	10,6	8,1	8,3	13,7	14,2	17,1		18,5	17,1	15,9	18,6	17,1	17,1	17,1	15,9	16,8	15,9	1,7	
EC <sup>10</sup>	7,7	7,5	8,0	7,2	9,6	10,9	13,1		13,7	12,9	(12,7)	13,7	13,3	13,2	12,9	12,2	(12,4)	(12,7)	(1,8)	
USA	5,8	5,0	5,3	7,2	10,1	10,1	12,0		13,6	7,4		13,6	12,2	7,7	7,4	(7,9)	(10,0)		(0,4)	
JAP			6,2	5,1	5,9	6,5	8,0		12,7	10,9		12,7	12,1	12,5	10,9				5,6	

TABLE 9: Long-term interest rates<sup>12</sup>

	1975	1976	1977	1978	1979	1979			1980			1980								Change over 12 months 2
						II	III	IV	I	II	III	Feb.	March	April	May	June	July	August		
DK	13,1	13,6	16,6	16,7	15,9	16,1	16,6	17,1	18,6	19,0		18,7	18,6	18,6	19,2	19,0	18,3		2,3	
D	8,5	7,8	6,2	5,7	7,4	7,8	7,5	7,9	9,4	8,2		8,5	9,4	9,4	8,7	8,2	7,9	7,8	0,3	
F	10,3	10,5	11,0	10,6	10,0	10,7	11,6	12,6	14,4	13,3		12,5	14,4	14,0	13,5	13,3	13,4	13,5	1,8	
IRL	14,0	14,7	12,9	12,8	14,9	15,4	15,7	16,3	16,8	14,6		16,4	16,8	16,2	15,8	14,6	14,1	14,5	-1,4	
I	10,4	12,5	15,2	14,2	14,3	13,9	14,4	15,3	16,2			15,6	16,2	16,4	16,3				2,4	
NL	8,8	9,0	8,1	7,7	8,8	9,0	8,7	9,4	11,5	10,0		10,4	11,5	10,6	10,0	10,0	9,7	9,7	1,0	
B	8,5	9,0	8,8	8,5	9,7	9,4	9,9	11,1	12,5	11,8		11,9	12,5	12,0	12,3	11,8	11,8	12,1	2,3	
L	6,7	7,2	7,0	6,6	6,8	6,8	6,8	6,8	7,3	7,5		7,1	7,3	7,4	7,4	7,5	7,5	7,5	0,7	
UK	14,4	14,4	12,7	12,5	13,0	12,7	12,6	14,7	14,6	13,8		14,6	14,6	14,1	14,0	13,8	13,1	13,9	1,6	
EC <sup>10</sup>	10,3	10,4	10,1	9,7	10,3	10,5	10,7	11,6	12,9	(12,1)		12,0	12,9	12,7	12,3	(12,1)	(11,8)	(11,9)	(1,3)	
USA	7,0	6,8	7,1	7,9	8,7	8,3	8,7	9,6	11,9	9,4		11,6	11,9	10,8	9,8	9,4	9,8	10,5	2,1	
JAP	9,2	8,7	7,3	6,1	7,7	8,1	7,9	8,6	10,0	8,6		9,3	10,0	10,3	8,8	8,6			0,5	

TABLE 10: Value of ECU — 1 ECU = units of national currency or SDR

	1975	1976	1977	1978	1979	1979			1980			1980								Change over 12 months % 2
						III	IV		I	II	III	March	April	May	June	July	Aug.	Sept.		
DKR	7,12	6,76	6,86	7,02	7,21	7,28	7,42		7,80	7,84	7,81	7,83	7,85	7,85	7,81	7,79	7,82	7,83	7,9	
DM	3,05	2,82	2,65	2,56	2,51	2,52	2,48		2,50	2,52	2,53	2,51	2,52	2,51	2,51	2,52	2,53	2,53	0,8	
FF	5,32	5,34	5,61	5,74	5,83	5,88	5,82		5,85	5,85	5,86	5,85	5,84	5,86	5,85	5,84	5,86	5,88	0,2	
IRL	0,560	0,622	0,654	0,664	0,669	0,670	0,670		0,675	0,675	0,671	0,677	0,674	0,676	0,674	0,671	0,670	0,672	0,5	
LIT	810	930	1 007	1 080	1 138	1 135	1 154		1 162	1 182	1 200	1 166	1 176	1 181	1 188	1 198	1 197	1 204	6,2	
HFL	3,13	2,96	2,80	2,75	2,75	2,78	2,76		2,75	2,76	2,75	2,75	2,77	2,77	2,76	2,75	2,75	2,75	-0,4	
BFR/LFR	45,57	43,17	40,88	40,06	40,17	40,45	40,22		40,54	40,36	40,44	40,63	40,46	40,34	40,27	40,27	40,44	40,60	0,7	
UKL	0,560	0,622	0,654	0,664	0,646	0,622	0,652		0,626	0,608	0,597	0,615	0,608	0,609	0,609	0,607	0,596	0,589	-7,5	
USD	1,241	1,118	1,141	1,274	1,371	1,389	1,405		1,411	1,391	1,423	1,358	1,347	1,402	1,423	1,441	1,413	1,415	1,2	
YEN	367,7	331,2	305,8	267,1	300,5	303,8	335,8		343,1	321,9	312,8	337,3	336,0	319,7	310,0	318,3	316,5	303,6	-2,3	
SDR	1,022	0,968	0,977	1,018	1,061	1,067	1,080		1,082	1,071	1,078	1,064	1,060	1,074	1,078	1,085	1,076	1,073	0,2	

<sup>8</sup> The seasonally-adjusted net balance for the Community does not tally with the total of the net balances of the Member States; this is because it is obtained by seasonally adjusting the total of the gross export and import figures for the various countries.



TABLE 1: Industrial production<sup>1</sup> - Percentage change on preceding period (s.a.)

	1975	1976	1977	1978	1979	1979			1980		1980							Change over 12 months % 2
						II	III	IV	I	II	Jan.	Feb.	March	April	May	June	July	
DK	- 5,7	9,3	0,8	2,3	3,6	2,7	0,6	6,0	-0,2	-4,1	2,7	0,2	-1,2	-1,6	-3,7	2,1	3,7	4,9
D	- 6,2	7,4	2,8	2,0	5,5	2,5	1,6	0,8	1,6	-2,3	1,6	0,8	0	-0,8	-2,3	-0,8	1,6	-2,7
F	- 8,9	9,7	1,6	1,6	4,4	1,3	3,8	-2,2	0,5	-2,0	-0,7	0	0	0	-3,7	0,8	:	-1,5
IRL	- 6,1	9,0	8,1	9,4	6,7	3,0	0,8	0,4	:	:	3,6	1,8	:	:	:	:	:	6,9
I	- 8,8	11,6	0	2,1	7,7	-3,2	1,4	8,6	4,0	-3,0	2,3	4,3	-0,9	1,4	-8,0	2,8	-0,9	9,0
NL	(- 4,8)	8,0	0	0,9	2,8	1,5	0,6	-0,6	3,0	-3,2	6,4	-3,4	1,8	-3,4	0,9	-2,7	3,6	0
B	- 9,8	8,1	0,4	2,4	4,3	5,4	-0,1	-1,0	3,6	-1,7	2,5	-3,6	3,0	-3,6	1,3	1,2	-5,7	-2,2
L	-21,9	3,8	0,5	3,2	3,4	1,2	-1,3	2,0	1,8	-2,4	-4,6	1,6	0,6	-0,1	-3,4	-2,7	-0,3	-1,3
UK	- 4,8	2,7	4,8	3,1	3,6	3,9	-2,6	-0,1	-1,9	-3,3	0,3	-1,6	-1,7	-1,7	-0,5	1,1	-0,2	-7,6
EC	- 6,6	7,4	2,4	2,3	4,8	1,7	0,8	1,1	0,5	-1,3	-0,4	-0,2	0,5	-0,7	-1,6	0,6	:	-0,2
USA	- 8,2	10,2	6,5	5,7	4,2	-0,2	0,2	0,1	0	-5,2	0,3	-0,2	-0,5	-2,5	-2,9	-1,6	(- 1,1)	(- 8,6)
JAP	-11,0	11,1	4,1	6,2	8,3	2,4	2,0	2,6	4,1	0,1	1,1	5,4	-3,3	1,8	-1,2	-0,9	(- 0,1)	(5,9)

TABLE 2: Unemployment rate - Number of unemployed as percentage of civilian labour force (s.a.)

	1975	1976	1977	1978	1979	1979			1980		1980							Change over 12 months % 2
						II	III	IV	I	II	Feb.	March	April	May	June	July	August	
DK <sup>3</sup>	4,6	4,7	5,8	6,5	5,3	5,4	5,1	4,8	5,0	5,5	5,1	5,1	5,3	5,4	5,8	5,7	5,9	21,2
D	4,2	4,1	4,0	3,9	3,4	3,4	3,3	3,2	3,1	3,2	3,1	3,1	3,1	3,2	3,4	3,4	3,5	8,2
F	3,9	4,3	4,8	5,2	6,0	6,0	6,1	6,3	6,3	6,3	6,3	6,3	6,3	6,3	6,3	6,4	6,4	5,5
IRL	8,5	9,5	9,4	8,7	7,9	8,0	7,8	7,6	7,6	6,2	7,6	7,7	7,9	8,2	8,6	8,9	9,2	20,8
I	5,3	5,6	6,4	7,1	7,5	7,5	7,4	7,6	7,6	7,9	7,5	7,7	7,8	7,9	7,9	7,9	7,8	6,4
NL	4,0	4,3	4,1	4,1	4,1	4,1	4,2	4,1	4,1	4,4	4,1	4,1	4,2	4,4	4,6	4,8	4,9	20,0
B	5,3	6,8	7,8	8,4	8,8	8,7	8,9	8,9	8,9	9,1	8,8	8,9	9,0	9,1	9,1	9,4	9,6	9,4
L	0,2	0,3	0,5	0,7	0,7	0,6	0,6	0,7	0,7	0,6	0,7	0,6	0,6	0,6	0,7	0,7	0,7	4,8
UK	3,8	5,3	5,7	5,7	5,3	5,3	5,2	5,3	5,6	6,1	5,6	5,7	5,9	6,1	6,4	6,8	7,0	37,5
EC	4,3	4,9	5,3	5,5	5,5	5,5	5,5	5,5	5,6	5,9	5,6	5,7	5,8	5,9	6,0	6,1	6,2	15,3
USA	8,5	7,7	7,0	6,0	5,8	5,7	5,8	5,9	6,1	7,5	6,0	6,2	7,0	7,8	7,7	7,8	7,6	(30,6)
JAP <sup>4</sup>	1,9	2,0	2,0	2,2	2,1	2,1	2,1	2,1	1,9	2,0	1,8	1,9	2,1	2,0	1,9	(1,9)	:	(- 3,4)

TABLE 3: Consumer price index - Percentage change on preceding period

	1975	1976	1977	1978	1979	1979			1980		1980							Change over 12 months % 2
						II	III	IV	I	II	Feb.	March	April	May	June	July	August	
DK	9,6	9,0	11,1	10,1	9,6	2,5	5,1	2,6	2,5	3,1	1,0	1,4	0,8	1,4	0,2	1,8	0,4	11,2
D	5,9	4,3	3,7	2,7	4,1	1,4	1,3	0,8	1,8	1,8	1,1	0,6	0,6	0,4	0,5	0,2	0,1	5,4
F	11,7	9,6	9,5	9,3	10,7	2,8	3,2	2,8	3,9	3,2	1,1	1,2	1,2	0,9	0,6	1,5	1,0	13,6
IRL	20,9	17,9	13,7	7,7	13,2	3,2	4,1	3,7	3,7	7,4	1,2	2,5	2,4	2,4	1,0	1,0	1,0	18,8
I	17,0	16,8	17,0	12,2	14,8	3,7	3,5	5,6	6,5	3,9	1,7	1,0	1,6	1,0	0,9	1,7	(0,9)	(21,6)
NL	9,9	9,0	6,4	4,2	4,3	2,0	0,8	2,0	1,8	2,5	1,0	0,9	1,3	0,4	-0,1	0,6	0,4	7,3
B	12,8	9,2	7,1	4,5	4,5	0,7	1,7	1,4	2,4	0,8	0,8	0,2	0,1	0,3	0,2	1,2	0,3	6,3
L	10,7	9,8	6,7	3,1	4,5	1,1	1,4	1,7	1,7	1,6	0,8	0,4	0,6	0,6	0,2	0,4	0,3	6,4
UK	24,2	16,5	15,9	8,3	13,4	3,7	6,7	2,8	4,7	5,8	1,4	1,4	3,4	0,9	0,9	0,8	0,3	16,3
EC	13,3	10,8	10,5	7,5	9,9	2,8	3,6	2,8	4,0	3,6	1,3	1,0	1,7	0,8	0,7	1,0	0,6	13,5
USA	9,1	5,8	6,5	7,6	11,5	3,5	3,4	2,8	3,9	3,6	1,4	1,4	1,1	1,0	1,1	0	(0,7)	(12,6)
JAP	10,2	9,3	8,1	3,8	3,6	2,5	1,0	1,7	2,1	3,3	0,9	0,8	1,7	0,9	0,3	(0,2)	(- 0,2)	(8,5)

TABLE 4: Wholesale price index - Percentage change on preceding period

	1975	1976	1977	1978	1979	1979			1980		1980							Change over 12 months % 2
						II	III	IV	I	II	Feb.	March	April	May	June	July	August	
DK	5,7	8,2	7,9	4,4	9,0	3,8	3,4	3,8	6,3	3,7	1,9	3,0	0,4	0,4	1,1	0	0	15,6
D	1,2	5,8	1,8	-0,8	6,9	3,6	1,7	1,1	3,9	1,7	1,2	0,5	0,3	0,8	0,2	0,4	-1,0	6,7
F <sup>5</sup>	1,0	10,1	6,5	4,6	11,8	3,8	2,5	3,3	:	:	:	:	:	:	:	:	:	13,1
IRL	24,2	19,6	17,2	8,9	(12,5)	3,2	1,5	0,4	4,7	4,1	1,3	4,0	1,0	-0,2	0,2	:	:	9,6
I	8,5	22,9	17,4	8,4	15,4	4,6	4,3	5,6	6,6	3,5	1,8	1,0	1,3	0,8	1,1	0,3	:	20,6
NL <sup>5</sup>	6,8	6,9	5,4	2,0	(2,9)	0,8	2,0	1,3	4,3	:	0,5	0,5	0,3	0,8	:	:	:	10,4
B	1,2	7,1	2,4	-1,9	6,3	2,0	1,2	1,5	3,4	-0,5	1,3	0,5	-0,7	-0,8	-0,1	0,2	-0,7	3,9
UK	24,1	16,4	19,2	10,5	12,1	4,0	5,0	3,1	5,2	4,0	1,6	1,5	1,4	1,2	1,0	0,9	0,4	15,7
EC <sup>6</sup>	7,4	12,0	9,3	4,4	10,3	3,7	3,0	2,7	:	:	(1,4)	:	:	:	:	:	:	(16,1)
USA	9,2	4,6	6,1	7,8	12,5	3,6	3,1	3,5	4,6	1,9	2,0	0,7	0,3	0,5	0,6	1,7	(1,2)	(14,6)
JAP	3,0	5,5	1,9	-2,5	7,3	4,1	4,9	4,3	6,5	4,8	2,6	2,0	2,7	-0,2	-0,1	0,4	(0,7)	(17,5)

TABLE 5: Gross hourly wages in industry<sup>7</sup> — Percentage change

	On preceding period									On corresponding quarter of preceding year							
	1975	1976	1977	1978	1979	1979				1980		1979				1980	
						I	II	III	IV	I	II	I	II	III	IV	I	II
DK	16,7	11,7	9,1	10,7	12,9	2,3	5,6	3,3	3,2	:	:	11,1	12,5	12,3	15,2	:	:
D	7,6	6,4	7,1	5,3	5,7	0,9	2,4	2,0	0,1	0,4	:	6,2	6,1	5,4	5,5	4,9	:
F	16,7	15,1	14,7	12,3	12,2	3,7	3,6	2,1	2,3	3,4	3,9	11,9	12,9	11,9	12,2	11,8	12,1
IRL	27,7	18,9	16,7	14,6	14,7	2,8	2,1	4,2	7,9	:	:	13,9	15,1	11,6	18,0	:	:
I	24,8	20,8	26,7	22,7	16,5	2,9	2,9	7,1	5,1	4,8	3,8	15,2	13,3	17,8	19,3	21,5	22,6
NL	13,0	11,3	7,9	8,3	6,8	2,6	1,7	2,1	0,5	2,5	0	6,1	6,7	7,5	7,0	7,0	5,2
B	17,4	13,6	10,1	6,6	6,7	2,4	1,8	1,0	2,5	1,5	3,3	6,1	7,0	5,7	8,0	7,0	8,6
L	12,0	13,9	10,4	7,7	4,0	3,6	3,4	-1,2	-1,2	:	:	4,1	3,2	3,9	4,6	:	:
UK	27,4	16,4	9,4	12,5	14,4	1,0	6,3	6,8	1,5	3,1	6,2	10,6	12,9	17,5	16,3	18,7	18,6
EC	17,5	13,6	12,3	11,7	10,5	2,0	3,8	4,2	2,0	(2,5)	:	10,3	10,9	12,4	12,7	(12,7)	:
USA	9,1	7,9	9,2	8,6	8,4	2,0	1,4	2,0	2,2	1,8	1,8	9,0	8,9	8,7	7,8	7,4	7,9
JAP	11,5	12,3	8,5	5,9	7,4	1,5	2,3	3,0	0,4	1,8	3,2	5,7	7,1	8,4	8,0	7,9	8,8

Source: For the Community countries: Eurostat, unless otherwise stated; for the United States and Japan: national sources.

<sup>1</sup> National sources, except in the cases of the Community, Denmark, Ireland, Belgium and Luxembourg. Because of differences in the methods of seasonal adjustment, the change in the EC index, adjusted by Eurostat and given in Table 1, may differ from the change in the EC index obtained by aggregation of the national indices. The figures are corrected for the number of working days. Excluding building and construction and, in the case of France, the foodstuffs and beverages industry.

<sup>2</sup> For the most recent figure given in the Table.

<sup>3</sup> From January 1979: new series.

<sup>4</sup> As percentage of the total labour force.

<sup>5</sup> National source.

<sup>6</sup> Excluding Luxembourg; weighted average.

<sup>7</sup> United States and Japan: manufacturing industry. Japan: quarterly figures s.a.



## Major economic policy measures — September 1980

### Community (EC)

None.

### Denmark (DK)

19.9 The Central Bank reduced the official discount rate by 1% to 12%.

### Federal Republic of Germany (D)

18.9 At a meeting of the Central Bank Council of the Bundesbank, it was decided to reduce the Lombard rate from 9,5% to 9% with effect from 19 September.

### France (F)

19.9 The draft budget for 1981 was approved by the Government. It features a tight squeeze on public expenditure (+ 12% by comparison with 1980 likely outcome) and a relatively moderate deficit (FF29 400 million). The budget includes substantial aid to private investment and the placing in reserve of some FF6 500 million in public appropriations (fund for counter-cyclical action). The draft budget plans no increase in the tax burden on individuals. Income tax scales are only adjusted for inflation. Families with at least three children are to qualify for an extra half-part under the family quotient system. Tax assistance for investment by firms (FF5 000 million in tax concessions over five years) consists of a deduction from taxable profits of 10% of the sums devoted to equipment. The oil companies will pay more (FF2 000 million) in tax.

### Ireland (IRL)

2.9 The major clearing banks reduced their lending rates by between 1,25% and 2%. Deposit rates were reduced by between 1,5% and 2%.

12.9 A number of measures to aid agriculture were introduced. The package includes increased headage payments for cattle and IRL50 million in reduced-interest rates loans from the banks.

17.9 Draft pay terms for a new National Understanding were agreed. These provide for a 15-month agreement to begin with a one-month pay pause. This will be followed by an eight-month phase which will give increases of 8% plus IRL1 per week. The final phase will run for six months and will give increases of 7%. The agreement will start for the majority of workers on 1 October when ratified by the unions and employers.

19.9 Non pay aspects of the National Understanding were finalized. These include:

- an increase in the special PAYE (Pay-as-you-earn) tax allowance of IRL400 to IRL600 in the 1981 budget;
- a continuation of indexation of social welfare benefits;
- special double week payment in December 1980 for long-term social welfare recipients;
- introduction of a statutory scheme of paid maternity leave to operate from April 1981;
- new measures to stimulate job creation.

### Italy (I)

27.9 The parliament rejects the budgetary package implemented through an emergency procedure at the beginning of July, thus provoking the resignation of the government. Consequently all the measures taken by decree became null and void as from 1 October.

28.9 The discount rate and the rate for advances against securities were raised from 15% to 16,5%. Because of the penalties for breaching certain refinancing ceilings, the discount rate can now be as high as 19,5%.

The period for converting into lira amounts paid on foreign currency accounts was cut from 15 to 10 days. Anticipatory payment of commercial debts in foreign currency will now no longer be possible: payment must be made on expiry of the maximum stipulated period. Fifty per cent of the four-month credits granted to foreign purchasers of Italian goods must be financed immediately in foreign currency.

### Netherlands (NL)

8.9 The Government decided to increase the number of subsidized dwellings from 25 000 to 29 000.

16.9 The Government presented its draft budget for 1981. Expenditure should be 5,9% up and receipts 8,0% up on the probable out-turn for 1980. The budget should yield a deficit of HFL13 000 million, or 4,25% of net national income (5% in 1980), while general government net borrowing should stand at 5,25% of net national income (6% in 1980). As a proportion of net national income, taxation and social security charges should increase from 54,4% in 1980 to 54,6% in 1981. The rise reflects, *inter alia*, the raising of the lower rate of VAT from 4% to 4,5%. On the expenditure side the Government expects to save HFL3 600 million, in particular in the field of social transfers and public consumption. By contrast, it plans to spend an extra HFL700 million in particular to assist housebuilding and employment.

22.9 The Nederlandsche Bank brought the discount rate down from 9% to 8,5%.

### Belgium (B)

25.9 The Banque Nationale lowered the interest rate for one-month Treasury certificates from 12,10% to 11,85%.

25.9 The Minister of Finance floated a 9-year loan carrying an interest rate of 12,50% for the first four years and 13% for the last five. There will also be a 1,5% premium on redemption. The total gross yield will thus be 12,80% (10,25% net).

### Luxembourg (L)

None.

### United Kingdom (UK)

None.

## PRICES

	BFR	DKR	DM	FF	LIT	HFL	UKL	IRL	USD
'European Economy' (3 issues per year)	1 000	180	62,50	145,50	28 000	68,50	15.25	16.60	34.25
<b>Supplements</b>									
Series A — 'Economic trends' (11 issues per year)	400	72	25,00	58,50	11 200	27,50	6.10	6.70	13.70
Series B — 'Economic prospects — business survey results' (11 issues per year)	450	81	28,00	65,50	12 600	31,00	6.85	7.50	15.50
Series C — 'Economic prospects — consumer survey results' (3 issues per year)	200	36	12,50	29,50	5 600	13,70	3.10	3.30	6.90
All three supplements	800	144	50,00	116,50	22 400	54,75	12.15	13.30	27.35
Combined subscription — 'European Economy' and supplements	1 500	270	93,50	218,50	41 900	103,00	22.80	25.00	51.50

The annual subscription runs from 1 January to 31 December of each year

Payments to be made only to the agents in the countries listed on page 3 of the cover of European Economy

These are surface mail rates; for air subscription rates please apply to the agents